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MANAGEMENT PERSPECTIVES

Strategy

From the Editor

A few days ago, the LIVE team of consultants, writers, and corporate support staff got together for a quarterly production workshop.

I use the word “workshop” as opposed to “meeting” because these are roll-up-your-sleeves, anything-goes, blue-sky-thinking affairs where all voices and opinions are welcome. Here, no kudos — or grievance — is too small.

These are 3- or 4-hour long get-togethers where we walk the talk of process re-engineering, continuous improvement, teamwork, and corporate culture. We try out new training activities, we work through challenging issues, and we hammer out solutions to problems that confront us.

We set aside time for this in our hectic schedules because nothing is more vital to delivering a quality product than clear communication and commitment. These values must be fostered.

We promote such openness with our clients. We think it’s important to do it internally, too. LIVE doesn’t foist high-falutin’ theories or impractical approaches on anyone. If it doesn’t work inside, it doesn’t work outside. That’s the bottom line.

Marilyn Baetz, editor

About the Author and the Article

“Strategy has become such an overused word — perhaps a misused word — that it has lost its meaning and we don’t understand what strategy is, let alone how to craft one.”

So says author Stephen Baetz, who in this article transports strategy beyond being a *fashionable* word in management circles to being a *workable fashion* of managing smartly.

According to Stephen, businesses mistakenly focus on the competition, build on their existing strengths, and have too *many* strategies revolving around too *few* insights.

The remedies to these dilemmas lie in asking the important 5 W questions — but in a rather different order than you might expect!

Because strategizing, Stephen argues, isn’t a question of semantics or circumstances. It’s a question of seeking and seeing.



Stephen Baetz is a principal of LIVE Consultants Inc., the organization sponsoring this publication.

Stephen Baetz

Figuring Out *How*

“They used to have dress codes but not any more. I guess they found it too difficult to define what was acceptable and what wasn’t. And even if they could, there was no way they could enforce conformity. Now you can dress down. Even IBM does it.”

Frank paused, caught my eye only long enough to see if he had set the hook, and then leaned forward with his elbow on his knees in apparent nonchalance. “Still lots of conformity though. Pinstriped *words*. Catch the fashion wave. Don’t be caught not dressing up your language. Use the language that’s in vogue to make a statement about you!”

I smiled. Frank always tried his darndest to make it look like he didn’t care, that his social commentary was merely pure fact. But Frank was commentator, not reporter.

“Who said words didn’t make the man? I’m sorry, `person.” He hadn’t really apologized, merely made more pointed commentary. “Everybody here’s dressing for success. Strategy is in. The fashionable can’t go more than twenty-five syllables without finding a way to weave it or some derivative into the conversation. We’ve now got customer-driven *strategies*, financial *strategies*, break-through *strategies*, *strategic* thinking, *strategic* planning, *strategic* analysis, *strategic* mind-sets, *strategic* processes ... gawd, the list is as endless as eternity.”

Frank now sat up pencil straight, punctuating with his index finger. “And they’re all playing ‘Emperor’s Clothes,’ but they haven’t the faintest idea what the word means let alone what importance it has. They just dress up in it so they don’t look bad.”

Frank’s commentary was usually written in overstatement. But his points remained. Strategy has become such an overused word — perhaps a misused word — that it has lost its meaning and we don’t understand what strategy is let alone how to craft one.

Oh yes, Frank went on to make a speech about how he was just an old-fashioned guy who believed in the three basics of success: blood, sweat, and tears ... feel passionate and give your all. But I was more intrigued by his first assertion: most of us don’t know what

strategy is or isn’t. Therefore, in an attempt to move strategy from the merely fashionable to the useable, I offer these observations.

Observation #1: How comes after what.

Strategy is the definition of *how* a purpose will be pursued. So the first step is to determine *what* business you are in, *what* you hope to be in the future, or *what* you want to achieve. Once a *what* is understood, a *how* can be crafted.

A sports team might define their goal as winning the league championship but then it has to figure out *how* it is going to do that — with speed, with finesse, with size and power, with an emphasis on defense, or something else altogether. A theatre company might set its purpose as the primary live entertainment attraction in a community but then it has to decide *how* it will achieve that purpose — with the classics, with contemporary Canadian playwrights, with musicals, or with comedy.

The business of defining the *how* is challenging at the very least, most often overwhelming, because the number of possible strategies is so broad and there are no guarantees about what will work and what won’t.

Faced with this dilemma, many managers and leaders do one of three things: they gravitate to what has been done in the past, they focus on the competition and attempt to replicate what they have done, or they avoid the rigors of disciplined thinking and analysis and select a strategy that looks easy. All doomed to fail.

Observation #2: Knowing your opportunities is more important than knowing your strengths.

Strategies ought to be crafted in the same way that artists do their work. They start with a clear vision of what they want to say and then they study the material they are going to work with, finding the opportunities that the medium presents.

Next they figure how they will take advantage of that opportunity. The same is true with crafting strategies inside an organization. Once purpose is clear, hours have to be invested in understanding what opportunities exist and then figuring out how to take advantage of them.

The implication is clear: your current strength ought not to determine what strategies are used in the future. An assessment of the environment and the opportunities it presents should.

There are ample examples of the folly of building strategy from existing strength. The Vietnam war was fought and lost using a strategy built on the strength of air attack. Swiss watchmakers were so blinded by their strength they continued to do what they always did and missed seeing opportunities. North American car makers went to the brink because they wanted to keep making big, but less-than-reliable, luxury cars. Texas Instruments Inc. built its strategy on its strength of being a low cost leader in computer chips but failed to see the opportunities in alternative technologies.

My observation is that successful companies, successful divisions, successful departments, yet even successful teams have the hardest time developing strategies — because they are blinded by their strengths and current success and can't see the opportunities in the environment around them. As a result, if they do get to the task of planning, they merely develop a long-term operational plan where they take today's successful plan and project it three to five years into the future. A long-range plan is not a strategic plan.

How do you craft strategy?

First make a list all of the opportunities your customers and your environment give you. Then narrow the list to a few priority opportunities and figure out *how* you can take advantage of them.

Try this formula for writing a strategy statement:

Opportunity + by/through + how.

Observation #3: Few and smart is best.

Most organizations and teams are burdened with too many strategies. It's a kind of mind-set which says if one is good 25 must be even better. Well it ain't so. Few is better in this case. Everyone in the organization has to figure out how to make the strategies operational — how to make the strategy statement work. Too many strategies absorb too many resources and in the end the organization does nothing really well.

But watch out that you don't become so pure you only craft one strategy. Life is rarely that simple. An organization can choose to be a lost-cost producer but it has to convince itself that low cost is the only feature important to the marketplace and it can always distinguish itself that way. Or an organization can choose high-quality as its only strategy but you better be convinced that the marketplace is as single minded.

In reality, most organizations have to figure out how to deal with paradoxical circumstances — *how* to produce high quality at a low price, *how* to do mass customization, or *how* to deliver efficient, personal service. Figuring out how to deal with that fundamental paradoxical predicament is where managers and leaders have to get smart.

One strategy? Probably not. Two? Often. Three? Maybe. Four? No. Few and smart.

Observation #4: Strategies should make you different.

That observation cuts two ways. First, the strategies should make it tough for the competition to reproduce your advantage quickly and readily. Second, strategies have to drive how everybody thinks and does business. As a result, every leader, every manager ought to be evaluating their operational plans by whether or not it contributes to the strategies. If it does, keep the plan. If not, rethink it. Every plan must be *aligned*. Oops, there's another one of Frank's favourite words.

Education Plan

There are two major challenges facing Human Resource Development professionals:

- ensuring buy-in from both senior management and program participants, and
- focusing available resources.

Meet those challenges and everything else seems easy!

Our education planning process can help you do just that.

The starting point is a series of interviews with the leadership of the organization to identify the current and emerging goals, strategies, and values of the organization as well as what skills, attitudes, and knowledges they feel people will need in the future.

This data is coupled with results from a needs analysis survey of the participants themselves. Both pieces of input form the foundation for planning by a Policy and Strategy Group.

The carefully researched plan that evolves targets precisely how development dollars should be invested. Best of all, this plan has commitment.

For more information about our services, contact us at (519) 664-2213.